

CALL SUBSIDY BILL SCHEME TO AID SHIP SALE

SUBSIDY BILL IS LOOKED ON AS A LASKER ADVERTISING SCHEME TO AID SHIP SALES

No Other Member of Shipping Board Has Uttered a Peep. Although Three of Them Are Members of Democratic Party.

Visible Assets Now Left Dwindle to \$113,401,612, Say Members of Congress Who Have Made a Close Study of the Vexed Question.

By Martin Green.
(Staff Correspondent of The Evening World.)

WASHINGTON, Feb. 21.—In yesterday's article the net assets of the Shipping Board and Emergency Fleet Corporation—which latter is now the chief functioning body, the Shipping Board exercising only supervisory powers—were set forth, from the statements of the Shipping Board and by members of Congress who have made a study of the subject, at \$113,401,612. That is all, on a basis of book value, the American people have in sight to-day to represent an investment of almost \$4,000,000,000.

But even that is not a true statement of value. On Jan. 4 last Chairman A. D. Lasker, testifying before a subcommittee of the Appropriations Committee of the House, revealed that the sum of approximately \$99,000,000 in the item "Accounts and notes receivable for ships sales—secured by title or mortgage" is carried at its face value.

This represents mortgages given by persons or corporations to secure payment for ships purchased from former Shipping Boards. These mortgages were executed on ships for which the purchasers obligated themselves to pay at the average rate of \$177 a dead weight ton.

Mr. Lasker said that at current ship prices the ships covered by the mortgages are rated as worth not over \$30 a ton—if they could be sold. The makers of the mortgages have refused to settle on the ground that if they have to buy their ships at \$177 a ton they cannot compete with ships carrying an overhead of only \$30 a ton. They were the first to purchase ships, and many of them did not pay anything down.

The Shipping Board has put the matter of trying to collect the full value of the mortgages up to Congress. Mr. Lasker expressed small hope that the purchasers would be willing or able to pay.

The truth about the item appears to be that the Shipping Board holds mortgages of a face value of \$99,000,000 which were made by people who will prove to be collection proof if an attempt is made to enforce the contracts. As to the ships covered by the mortgages Mr. Lasker said: "If those were sold at forced sale to-day we might realize from \$22,000,000 to \$25,000,000 though I doubt it."

So this asset is actually worth only \$25,000,000, the outside potential value of the ships covered by the mortgages. Therefore the assets should be shrunk by the difference between \$99,000,000 and \$25,000,000, or \$74,000,000, and \$74,000,000 sub-

tracted from \$113,401,612 leaves \$113,401,612 as the approximate value of the \$4,000,000,000 investment as it stands.

Now comes the Shipping Board with a plan to tax the American people for an indefinite time \$50,000,000 a year in the shape of a subsidy on ships which in so far as the return bears any relation to reducing the cost of the merchant marine will have actually been given away. To put it another way the Shipping Board proposes about 1,450 steel ships and about half of these ships are alleged to be, by the Shipping Board and their builders, as serviceable and economical ships as ever set afloat.

But, with the way money has been squandered, and with the assets continually shrinking, these 1,450 ships are rapidly approaching a stage when they will not be worth to the American people who sunk close to \$4,000,000,000 in them as much as a dollar apiece. Therefore, in order to get rid, if possible, of a liability of \$40,000,000 a year, the cost of maintaining the ships in idleness, it is proposed to give them away—for that is what the subsidy proposition amounts to.

The subsidy plan as presented by Chairman Lasker to President Harding carries an estimate of cost of from \$30,000,000 to \$35,000,000 a year. As has been shown, the outside sum that can be realized for the freight ships is \$25,000,000, and this only if the board is able to sell all of them. The subsidy in seven years at \$35,000,000 will amount to \$245,000,000.

Mr. Lasker said on Jan. 4 to the House subcommittee:

"You cannot sell American ships at all right now. You could not sell the ships to-day. Since I came in (June 13, 1921) we have sold only one ship of any consequence, a big steel ship for \$375,000. We have sold a whole lot of little ones that amount to nothing. We have practically sold another ship for \$1,000,000, but that deal has not been closed."

However, the deal was closed subsequent to the date of Mr. Lasker's testimony. The ship was the Great Northern, and she was sold to the

Admiral Line and was totally destroyed by fire while on her way from New York to Chester, Pa., to be reconditioned.

It is understood here in Washington that there is a mixup over the Great Northern as to whether possession actually passed to the Admiral Line and whether the Admiral Line or the Shipping Board is responsible for the fire loss. It is reported in legislative circles here that the Admiral Line will claim that it was not in legal possession of the ship because a Shipping Board crew was in charge and the crew was undoubtedly inadequate. The Great Northern was all ablaze amidships before the fire was discovered.

Chairman Lasker was so positive on Jan. 4 that it was impossible to sell ships that he repeated the statement several times. Nevertheless, the Shipping Board Emergency Fleet Corporation announces at this time, a month and a half after Mr. Lasker said that ships could not be sold, that it will receive to March 15 bids on all the ships.

But the sale of the ships is contingent on the passage by Congress of the subsidy bill. And what the subsidy really is can be summarized in a theoretical notice to the interests which are figuring on letting the fleet at rock bottom prices to this effect:

"If the Congress passes a subsidy bill purchasers of ships will get their purchase money back in seven years—eight years at the outside. The payments will be extended over long periods, which means that Uncle Sam will finance your purchases and your ships will have cost you nothing."

Under such conditions it is possible that the Emergency Fleet Corporation may be able to sell a lot of the first class ships. But the subsidy bill will not slide through Congress on greased wheels. Not much open attention has been paid to it because the members of the House and Senate are pretty well steamed up over the bonus bill, which is so closely enmeshed in practical politics as to becloud every other pending issue.

In connection with the subsidy plan it is significant that no member of the Shipping Board except Chairman Lasker has uttered a peep about it. Politicians say that it is a Lasker measure, accepted by the White House on the ground that Mr. Lasker as a skilled advertising man should be allowed a free hand in a campaign to sell the ships, even though the campaign involve a subsidy sufficient to eat up the purchase price.

As provided by law, three of the seven members of the Shipping Board are Democrats. They are Admiral W. S. Benson, formerly Chairman; former Senator George E. Chamberlain of Oregon and Frederick Thompson of Alabama.

A ship subsidy is contrary to Dem-

ocratic policy. In the natural course of events the Democratic members of the Board would present a minority report on the subsidy plan. No such report has been submitted and, so far as is known, no such report has been prepared.

In matters of major policy relating to the merchant marine the Shipping Board up to this time has been recognized as the lawful functionary. The fact that the minority members of the Shipping Board have not been heard from on the subsidy plan, and the plan is generally credited to the Emergency Fleet Corporation which is dominated by Chairman Lasker, indicates that the matter has been put up to the Board only as a routine subject to be approved or disapproved as coming from the Emergency Fleet Corporation.

Not all shipowners or prospective shipowners are in favor of the subsidy. There is somewhere in the Shipping Board, but not as a record that has been considered by the board, the outline of a plan to let out the ships—or as many of them as can be used in the present depleted condition of ocean shipping—for their upkeep to men or corporations who would agree to operate them on the co-operative plan. This would take hundreds of ships out of expensive storage, put them on the seas to be eventually paid for out of earnings.

This plan would give every man in the crew an interest in the ship to be paid for out of his wages month by month. It has been tried and in every case of which there are records available it has been successful.

With captains, mates and engineers and firemen and seamen interested in the profits of their ship it has been established that amazing economies

result. One of the greatest factors in successful ship operation is rapidity of movement—that is quick loading and unloading and wide areas of operations without repairs.

Repairs are a heavy item of expense because seamen having only a wage interest in their vessel will neglect it. But seamen having an ownership interest would keep the ship neat and sound all the time.

Co-operative operation of ships has established that a very great saving can be made on fuel—as high as from 20 to 25 per cent. per voyage. The item of food is one of the most wasteful on an American ship. Co-operative operation has reduced the cost of that item 33.3 per cent.

"I have operated ships on a basis of 49 per cent. ownership in the crew and 51 per cent. ownership in my firm," said an experienced shipping man to me last night. "I adopted this plan at a time when the outlook was getting very dark."

"The men were glad to enter into the scheme. Before long my operations costs were reduced 20 per cent., the ships were in better shape than ever before and we were making almost miraculous time in voyages because no time was lost in port. Knowing that mileage meant money the captains and crew, hustled to get

their cargoes aboard and hustled to get to sea.

"During the shipping boom we trained many thousands of seamen who are out of jobs to-day or, if they have jobs, would be willing to go back to sea if they could get ships. I venture to say that these men generally would gladly welcome a chance to acquire ownership in ships and pay for it out of their wages and profits."

"We will never have a merchant marine in this country to amount to anything until the people of the country know shipping and can be shown that there is money in shipping. Then they will buy shares in ship owning and operating companies just as they do in England and France and every other maritime country, and as they are starting to do again in Germany."

"To get the people interested in our merchant marine sufficiently to impel them to invest money we must make out a record of achievement behind our American ships. Even with the La Follette law in force we can, by the exercise of common sense methods compete with any shipping in the world."

"A subsidy would lead to waste. If we can't make ocean shipping pay without holding our hats out to the Government we ought not to attempt to go into the shipping business."

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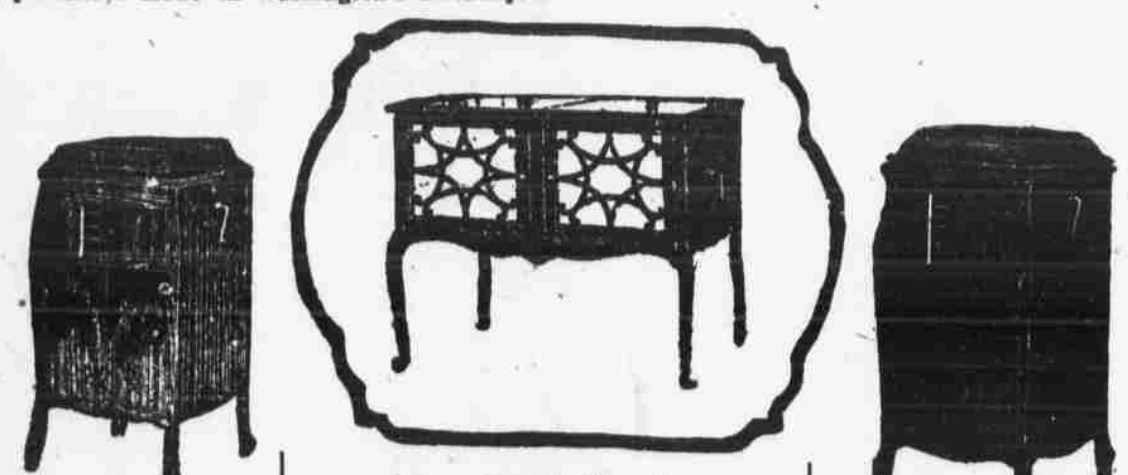
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